

## Message Text

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ORIGIN AF-04

INFO OCT-01 SS-14 ADP-00 L-02 EB-03 COME-00 OPIC-01

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DRAFTED BY AF/N:JJBLAKE:RJP

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FM SECSTATE WASHDC

TO USINT ALGIERS

C O N F I D E N T I A L STATE 151855

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, AG

SUBJECT: PROCTOR AND GAMBLE CLAIM

REFERENCE: ALGIERS 1503

1. WILLIAM GURGANUS, EXECUTIVE VICE PRESIDENT, PROCTOR AND GAMBLE COMPANY, CALLED ON DEPARTMENT OFFICER (BLAKE) AUGUST 1 TO REVIEW P&G CLAIM AGAINST GOA FOR NATIONALIZED PROPERTY IN ALGIERS AND TO REQUEST DEPARTMENT'S FURTHER INTERVENTION ON COMPANY'S BEHALF. GURGANUS BITTERLY CRITICIZED GOA FOR WHAT HE REGARDED AS FAILURE TO FOLLOW THROUGH ON VERBAL OFFER OF LUMP SUM PAYMENT OF DOLS 800,000 TO COMPANY AS SETTLEMENT OF CLAIM. IN LENGTHY REVIEW OF COMPANY'S CASE AGAINST GOA, GURGANUS ALSO CRITICIZED DEPARTMENT FOR WHAT HE REGARDED AS INADEQUATE REPRESENTATION ON ITS BEHALF TO GOA. SUBSEQUENTLY, GURGANUS BACKED OFF FROM LATTER POINT AFTER DEPARTMENT OFFICER REVIEWED NUMEROUS STEPS USINT AND DEPARTMENT HAD TAKEN IN ATTEMPT TO BRING GOA TO MAKE OFFER P&G COULD ACCEPT. DEPARTMENT OFFICER ALLUDED, SPECIFICALLY, TO ORIGINAL ALGERIAN OFFER OF  
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DOLS 650,000 WHICH HE PERSONALLY HAD PERSUADED SOURCE CLOSE

TO GOA IN ALGIERS TO HAVE RAISED TO DOLS 800,000. EMPHASIZING THAT DEPARTMENT COULD NOT REPEAT NOT EVALUATE EITHER P&G CLAIM OF DOLS 2.1 MILLION OR GOA COUNTER PROPOSAL, DEPARTMENT OFFICER ASSURED GURGANUS OF CONTINUING USG INTEREST IN SEEING SETTLEMENT EFFECTED WITH WHICH P&G COULD LIVE.

2. THROUGHOUT DISCUSSION, GURGANUS ALLUDED TO RESPONSIBILITY OF USG TO INTERVENE ON BEHALF OF AMERICAN COMPANIES WHICH HAVE HAD THEIR OVERSEAS PROPERTIES NATIONALIZED OR CONFISCATED WITHOUT COMPENSATION AFTER HAVING TRUSTED IN HOST GOVERNMENT'S GOOD FAITH AND USG WILLINGNESS BRING MAXIMUM PRESSURE TO BEAR ON HOST GOVERNMENT IN EVENT AMERICAN PRIVATE INVESTMENT THREATENED. GURGANUS CITED CASES IN LATIN AMERICA IN WHICH, IN HIS JUDGMENT, DEPARTMENT HAD NOT PROCEEDED VIGOROUSLY AGAINST FOREIGN GOVERNMENTS IN SUCH CIRCUMSTANCES. HE ASKED WHETHER DEPARTMENT WOULD OBJECT IF COMPANY WROTE LETTER TO GOA PROTESTING AGAINST LATTER'S PROPOSAL THAT DOLS 800,000 COMPENSATION BE PAID IN SEVERAL INSTALLMENTS. LETTER WOULD REITERATE COMPANY'S CLAIM TO DOLS 2.1 MILLION AND STATE P&G'S INTENTION TO INFORM OTHER AMERICAN FIRMS INTERESTED IN TRADE OR INVESTMENT IN ALGIERS OF P&G'S EXPERIENCE.

3. DEPARTMENT OFFICER REPLIED THAT DECISION WITH RESPECT TO LETTER AND DECISION WITH RESPECT TO ADEQUACY OF COMPENSATION AND CONDITIONS OF PAYMENT WERE FOR P&G TO MAKE IN LIGHT ITS OWN BEST JUDGMENT. HE NOTED, HOWEVER, THAT EFFORTS WHICH USINT WAS CONTINUING TO MAKE TO HAVE COMPENSATION PAID ON TERMS SATISFACTORY TO COMPANY WOULD BE FRUSTRATED IF P&G WROTE LETTER GURGANUS HAD DESCRIBED. DEPARTMENT OFFICER ALSO NOTED POSSIBILITY OF HIGH LEVEL USG PARTICIPATION IN ALGIERS TRADE FAIR WHICH MIGHT MAKE IT POSSIBLE TO BRING P&G'S CLAIM TO ATTENTION HIGH LEVEL GOA AUTHORITIES. SUCH HIGH LEVEL USG INTERVENTION WOULD OBVIOUSLY BE UNSUCCESSFUL IF P&G IN MEANTIME HAD SENT LETTER GURGANUS HAD DESCRIBED. GOA WOULD REGARD LETTER AS DEFINITIVE BREAK-OFF OF NEGOTIATIONS BY COMPANY.

4. MEETING CLOSED WITH COMMENT BY GURGANUS, WHO WAS ACCOMPANIED BY MIKE MANATOS, ASSOCIATE DIRECTOR, GOVERNMENT. CONFIDENTIAL

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MENTAL RELATIONS FROM WASHINGTON OFFICE, AND BY GEORGE GIBSON, ASSISTANT COMPTROLLER OF P&G, THAT HE WOULD HOLD OFF ON LETTER HE HAD DESCRIBED WHILE AWAITING RESULTS OF USINT'S FURTHER INTERVENTION WITH GOA AND POSSIBLE INTERVENTION OF US REPRESENTATIVE DURING ALGIERS TRADE FAIR.

5. ACTION REQUESTED: REQUEST YOU SEEK EARLY APPOINTMENT WITH WHOMEVER YOU THINK MIGHT BE MOST-HELPFUL THIS MATTER, REITERATING OUR DESIRE TO GET THIS CASE, WHICH HAS ALREADY

DRAGGED ON TOO LONG, BEHIND US. IF YOU THINK IT USEFUL,  
YOU MAY ALSO CONVEY OUR IMPRESSION THAT SCHEDULE OF PAY-  
MENTS SUGGESTED IN REFTEL WOULD NOT REPEAT NOT BE ACCEPT-  
ABLE TO COMPANY WHICH BELIEVES IT HAS ALREADY OFFERED  
SUBSTANTIAL CONCESSIONS SIMPLY TO CLOSE BOOKS ON MATTER.  
(E.G., SHARP REDUCTION IN AMOUNT OF ITS CLAIM, WRITE-OFF

OF INTEREST LOST ON INVESTED CAPITAL AND ANY COMPENSATION  
IT MIGHT HAVE RECEIVED SINCE 1967.) IN VIEW DE MINIMIS  
SETTLEMENT GOA IS OFFERING, WE BELIEVE ONE-TIME PAYMENT  
IS FAIR REQUEST ON PART OF COMPANY WHICH NEED NOT SET PRE-  
CEDENT FOR CLAIMS BY OTHER FOREIGN NATIONALS. ROGERS

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 AUG 1973  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**Reference:** 73 ALGIERS 1503  
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**Review Authority:** morefirh  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PROCTOR AND GAMBLE CLAIM  
**TAGS:** EFIN, AG  
**To:** ALGIERS  
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